

BEFORE THE  
POSTAL REGULATORY COMMISSION  
WASHINGTON, D.C. 20268-0001

COMPETITIVE PRODUCT PRICES  
PARCEL SELECT CONTRACTS  
PARCEL SELECT CONTRACT 56

Docket No. MC2023-93

COMPETITIVE PRODUCT PRICES  
PARCEL SELECT CONTRACT 56 (MC2023-93)  
NEGOTIATED SERVICE AGREEMENT

Docket No. CP2023-94

**USPS RESPONSE TO CHAIRMAN'S INFORMATION REQUEST NO. 1,  
WITH PORTIONS FILED UNDER SEAL**  
(January 3, 2023)

The United States Postal Service hereby provides its response to Chairman's Information Request No. 1, which was issued on December 23, 2022. A response was due by January 3, 2023. The questions are reprinted verbatim in the attached, and are followed by the Postal Service's response. Question 2 and its response are being filed under seal. The Postal Service herein incorporates by reference its Application for Non-Public Treatment in this docket for the protection of the material filed under seal.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorney:

Elizabeth A. Reed

475 L'Enfant Plaza, SW  
Washington, D.C. 20260-1137  
(202) 268-3179  
[Elizabeth.A.Reed@usps.gov](mailto:Elizabeth.A.Reed@usps.gov)  
January 3, 2023

## USPS RESPONSE TO CHAIRMAN'S INFORMATION REQUEST NO. 1

1. Parcel Select Contract 56 contains a provision that states that the parties will mutually agree on operational procedures and service level commitments pertaining to Parcel Select packages. Request, Attachment B at 11.

a. Please confirm that the Postal Service will file with the Commission any agreement between the parties on operational procedures and/or service level commitments pertaining to Parcel Select packages as an amendment to this contract. If not confirmed, please answer questions 1.b. and 2.b.

b. If the answer to question 1.a. is not confirmed, please explain which operational procedures for Parcel Select are subject to change under this provision. Please also provide financial workpapers showing the projected cost and/or revenue impact of each possible operational change. If none of the operational changes possible under this provision are projected to impact costs or revenue, please provide a detailed justification for that projection.

c. If the answer to question 1.a. is not confirmed, please confirm that the service level commitments to be set under this provision will not be enforceable by fees, penalties, or changes to rates offered under this contract. If not confirmed, please provide revised financial workpapers showing the impact on minimum cost coverage of such fees, penalties, or changes in rates.

### **RESPONSE:**

a. Not confirmed.

b. The contract language refers to the documentation of agreed-upon, nonbinding operational guidelines and/or expectations ("Terms") between the Postal Service and the customer, documented in a Memorandum of Understanding ("MOU"). MOU Terms are intended to promote an efficient partnership by clearly defining operational expectations, many of which are consistent with existing product standards found in Postal Service publications and online resources (e.g., Domestic Mail Manual). Moreover, they serve as a useful set of reference points for both parties to review periodically to validate successful execution and/or identify areas of improvement. MOU Terms are intended to be flexible and may change over time through a collaborative process to reflect any changes in Postal Service operations, or the customer's needs and capabilities.

## USPS RESPONSE TO CHAIRMAN'S INFORMATION REQUEST NO. 1

MOU Terms, being flexible guidelines and expectations based largely on established standards, do not require the Postal Service to make operational changes or incur new operational costs. Failure by the Postal Service or the customer to adhere to MOU Terms carries no additional penalty, fee, or impact to contract rates. Efforts by both parties to carry out MOU Terms should promote a smoother working relationship and result in more efficient operations, potentially reducing avoidable inefficiencies and delays. For these reasons, the Postal Service submits that operational expectations being clarified and enumerated in the MOU Terms are already reflected in the national average costs for the product, and no material deviations should be expected.

c. Confirmed.